

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** January 4, 2010  
**POSITION:** Oppose

**BILL NUMBER:** AB 35  
**AUTHOR:** W. Furutani

### **BILL SUMMARY:** Education: Workforce Development

This bill would require the California Postsecondary Education Commission (CPEC), in cooperation with the California Department of Education (CDE), the California Workforce Investment Board (CWIB), and various stakeholder groups, to develop a strategic plan for connecting academic and career technical education to workforce development statewide. CPEC would report its recommendations for the strategic plan to the Legislature and the Governor by July 1, 2011.

### **FISCAL SUMMARY**

CPEC has estimated costs of about \$100,000 to fulfill the requirements of this bill, and has noted that it would be unable to carry out the additional responsibilities within its current funding level. The CDE indicated that it would need to hire one consultant, on a half-time basis, to coordinate the bill's activities with the other agencies, at a cost of about \$62,500. The CWIB stated that any additional costs required pursuant to the bill would be minor and absorbable. Similarly, the costs to the other entities that CPEC would coordinate with likely would be minor and absorbable, unless CPEC required significant new data collection efforts.

### **COMMENTS**

Finance is opposed to this bill for the following reasons:

- The Governor vetoed a similar bill in 2007 (AB 365, Portantino), indicating that, while supporting efforts to align state workforce needs with postsecondary education, the bill was unnecessary. CPEC already has the statutory authority to coordinate with various education and labor entities to develop recommendations to align state workforce needs with the state's educational institutions, including career technical education programs. These same factors would apply to AB 35.
- This bill is duplicative, as a number of ongoing activities already exist that examine the link between postsecondary education and workforce development. Specifically, the Employment Development Department (EDD) currently tracks trends in employment occupations for the purpose of informing workforce planning, and works closely with CDE in tracking workforce needs and planning. The CWIB is charged with creating a statewide strategic workforce plan, which is intended to serve as a framework for developing workforce policy related to the state's labor exchange, workforce education, and training programs. In addition, the state's higher education segments and the career-technical education programs in K-12 schools support ongoing programs to examine and integrate current and future workforce needs with education and training capabilities.
- Given the state's structural budget deficit, it is not prudent to undertake new activities that will create additional General Fund costs. Finance is concerned that this new project would detract from resources needed to complete higher priority studies and activities currently underway at CPEC.

### **ANALYSIS**

Analyst/Principal (0384) S. Swan	Date	Program Budget Manager Jeannie Oropeza	Date
-------------------------------------	------	---	------

Department Deputy Director	Date
----------------------------	------

Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

<b>BILL ANALYSIS</b>	Form DF-43 (Rev 03/95 Buff)
----------------------	-----------------------------

W. Furutani

January 4, 2010

AB 35

**A. Programmatic Analysis**

In March 2008, CPEC completed a four-part study entitled *The Nexus Between Postsecondary Education and Workforce Development*, which provided policy recommendations to assure that postsecondary education institutions will be able to fulfill the future needs of the state's workforce development. One of the report's recommendations was to pursue improved state-level collaboration to identify measures of postsecondary contributions to workforce development. This bill would address this recommendation.

This new initiative is duplicative of similar programs and studies ongoing at many state agencies, however. In addition to the activities that the EDD and the CWIB have in place to examine workforce planning and preparation trends and needs, all three higher education segments in the state have ongoing efforts to identify and align workplace needs with educational program development. Also, career-technical education programs in K-12 schools throughout the state incorporate the labor needs of industries in their vocational education planning.

- The state plan for career technical education provides model curriculum and standards that integrate the needs of industry within career-technical education programs in K-12 schools throughout the state, while the community colleges operate an Economic Development Program that is focused on relevant training to meet industry needs. Specifically, this program works with employers, advisory committees, and agency partners (including EDD and CWIB) to identify, on a region-by-region basis, workforce education and training needs including the needs of small business. Colleges have created a network of service providers that meet identified needs in a cost-effective and timely manner. Furthermore, K-12 schools and community colleges coordinate efforts to offer course sequencing that bridge the two segments and provide increasingly rigorous studies for specified trades and industries.
- The California State University (CSU) is currently updating its November 2004 report Working for California: The Impact of the California State University, which identified nine key industries within the state based on their high concentration of employment and the degree to which these industries can remain competitive only if they can get the labor they need. CSU analyzed its ability to fulfill the workforce needs of these key industries, as well as the number of graduates it produces for critical occupations in the public and non-profit sector, including education, criminal justice, and public administration. The new report is scheduled to be available in March 2010. CSU also works directly with employers to design seminars and programs to meet the changing needs of a wide variety of professionals through its Extended University programs. In addition, CSU implemented a new Workforce Development Advocacy Masters' program at CSU Sacramento, which offers a one-of-a-kind degree to train professionals to help their organizations anticipate the challenges and demands of the changing workforce and workplace.
- The University of California conducted a major workforce needs study on the state's Health Sciences Professions, and has a methodology to address the university's response to those needs.

**B. Fiscal Analysis**

CPEC has estimated costs of about \$100,000 to hire a consultant to prepare and write a strategic plan in consultation with CPEC, CDE, and CWIB. This would also cover additional costs including statewide travel, informational surveys, advisory committees, meetings, communication and the printing and dissemination of the report in draft and

W. Furutani

January 4, 2010

AB 35

final forms. CPEC indicated that, in addition, these costs assume that staff support and other general costs would come from within their existing budget.

The CDE estimated that it would hire a consultant to coordinate the bill's activities with the other agencies, indicating that they would need the services of about half a consultant's time, costing about \$62,500 including benefits.

The CWIB indicated that they already communicate with CPEC, CDE, and various other education and labor entities in preparing workforce needs studies, and that their additional costs under this bill would be minor and absorbable. CPEC also indicated that the other stakeholder groups with whom they would be coordinating would likely incur minor costs. Finance notes that if CPEC required these other entities to collect and submit significant new data, their costs could be substantial.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	Code
6420/CPEC	SO	No		--	C	\$100		--	0001
6110/Dept of Educ	SO	No		--	C	\$63		--	0001
7120/Workforce In	SO	No		-----	No/Minor Fiscal Impact	-----			0001